



CALIFORNIA HEALTH ADVOCATES

Honorable Pete Stark
House of Representatives
239 Cannon Building
Washington, D.C. 20515

June 19, 2007

Re: SUPPORT FOR THE MEDICARE ADVANTAGE TRUTH IN ADVERTISING ACT

Dear Congressman Stark:

We are writing to support the Medicare Advantage Truth in Advertising Act and express our strong endorsement of this bill which will ensure that Medicare Advantage (MA) plan enrollees do not pay more in cost-sharing than they would for comparable services under the original Medicare program, and that accurate cost-sharing and out-of-pocket cost information is provided by MA plans to Medicare beneficiaries who are thinking about joining such a plan.

California Health Advocates (CHA) is a not-for-profit statewide consumer advocacy organization whose membership is comprised of California's network of 24 non-profit Health Insurance Counseling and Advocacy Programs (HICAP), and is dedicated to serving the interests of Medicare beneficiaries, their families and the pre-retirement population in California.

We are well-informed about these issues because we hear from Medicare beneficiaries and their family members seeking help after being surprised by unforeseen and costly co-payments and co-insurance charges after joining an MA plan. For example, some plan enrollees in San Diego County are charged from \$200 to \$300/day for an inpatient hospital stay ranging from 1 to 10 days in length, resulting in a maximum out-of-pocket cost of \$3,000, compared to \$992 for in-patient hospitalization for up to 60 days under original Medicare coverage. A Medicare beneficiary residing in Contra Costa County (Northern California) enrolled in an MA plan could be charged \$2,750 as co-payments for a 10-day stay in a hospital (the additional cost in this example is \$1,758 more out-of-pocket in the MA plan when compared to original Medicare).

In addition, some MA plans charge daily co-pays (e.g., \$120/day) of skilled nursing facility care where Medicare fee-for-service coverage charges \$0 for the initial 20 days of a skilled nursing home stay. Lastly, there are plans that charge "20% to 30% of the Medicare approved rate" for durable medical equipment or various laboratory services compared to \$0 to up to 20% of the "Medicare approved amount" charged to those covered by original Medicare.

It is difficult for Medicare patients to determine the "Medicare approved rate" and then calculate the percentage of their expected cost. We support the provision of clear and straightforward cost-sharing information in the form of flat co-payments to MA plan enrollees by the MA plans. There should be no hidden costs and complicated co-insurance and deductibles exceeding original Medicare coverage costs for basic Medicare covered services.

Thank you for your leadership on these critical issues on behalf of those who rely on Medicare for their health care needs in California.

Sincerely,

Clare Smith, President/CEO
California Health Advocates